

December 16, 2013

Maplewood Manor Local Development Corporation Selects Zenith Care Health Group as Purchaser Zenith to Invest an Additional \$2.5M to Further Improve Quality of Care

(Ballston Spa, NY) The Maplewood Manor Local Development Corporation (LDC) Board of Directors today unanimously approved the selection of Zenith Care Health Group to purchase Maplewood Manor. Zenith was selected from a group of seven highly qualified applicants after an evaluation process that focused first and foremost on the quality of care that residents will receive, the financial stability of the buyer, and the buyer's future plans for the facility, including their willingness to make major investments in improving care. The offers received from the seven applicants ranged from the minimum bid price of \$11 million to a high bid of \$14.57 million. Zenith will purchase the facility for \$14.1 million, and has also committed to investing an additional \$2.5 million in capital improvements within 18 months of taking ownership. Zenith has agreed to continue to care for every resident of Maplewood Manor, will look first to hire existing employees, and will negotiate cost-effective contracts with local vendors when practicable.

"With today's announcement, the LDC has kept its promise to find the best possible operator for Maplewood Manor," said LDC Chairman Mo Wright. "As we stressed since day one, there is a lot more at stake than just the purchase price, and we didn't simply select the highest bidder. We made sure that Maplewood's new owner has a track record of success, a commitment to the residents, and a solid plan to provide excellent care well into the future."

"Transitioning Maplewood Manor from a financially insecure publicly-owned facility that the County cannot afford, to a financially sustainable privately-owned facility, will make Maplewood's future and the County's more secure," said LDC Chief Executive Officer Spencer Hellwig. "Zenith has the resources necessary to invest in improvements that will revitalize Maplewood Manor financially. At the same time, the County will receive a substantial sale revenue, property taxpayers will no longer have to subsidize the facility's \$15 million annual deficit, and the property will go back on the tax rolls, generating more than \$460,000 per year in revenue for the County, the Ballston Spa school district, and the Village of Ballston Spa."

"Zenith Care is very happy to have been selected by the LDC today, and we are excited to begin working with Maplewood's team to make this facility the best it can be," said Ari Schwartz, principal of Zenith Care Health Group. "Maplewood has been a great home to many residents over the years. It's that positive reputation, and our strong belief that Zenith can make the facility an even better place, that drew us to this sale. We are totally committed to the residents, we will make immediate investments geared toward improving their quality of life and the services offered, and we will make employee retention and development a top priority."

Ari Schwartz, who will serve as CEO of Maplewood Manor, announced that he will immediately meet with Maplewood management personnel to introduce Zenith and learn more about resident, staff and community needs. Mr. Schwartz will also walk the facility to begin to meet residents and employees.

With the Purchase & Sale Agreement having been signed today, the next step is for Zenith to obtain licensure to operate the facility from the State Department of Health (DOH). This process will involve a

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thorough review by DOH of Zenith's track record at other facilities, including a formal "Character and Competency" review. The DOH review process could take anywhere between 6 to 18 months. During this time, Maplewood will continue to be a County operated facility. Maplewood employees will remain County employees subject to all the terms and protections of the CSEA collective bargaining agreement.

During the DOH review process, Zenith has agreed to serve in a consulting capacity at Maplewood, spending time in the facility observing operations, getting to know residents and staff, and making recommendations on how the County can improve the level of care. When the DOH review process is complete, the County will turn over operations to Zenith, whose principals will have the benefit of having served Maplewood residents in this capacity during these 6 to 18 months.

The Zenith team is represented by Ari Schwartz and Jeffrey Vegh, who will serve respectively as CEO and COO of Maplewood Manor. Mr. Schwartz cut his teeth in the nursing home arena at Loeb & Troper, a leading healthcare accounting firm in New York City. Growing up, his family operated nursing homes in Ohio. He worked in the kitchens, housekeeping, laundry and bookkeeping departments of these facilities. Mr. Vegh has been working in nursing homes for 17 years and has developed a reputation for making struggling facilities successful. His first job was as a member of the kitchen staff at a facility in New Jersey, where he eventually worked his way through the ranks to become an assistant administrator. He has served as an administrator of five skilled nursing facilities from 1999 to 2013.

Zenith's philosophy is that employees are the single most valuable asset of a nursing home and all decisions should be made with the single goal of improving resident care. Zenith is a revenue-driven provider. They believe that the better the care at the facility, the more referrals it receives and the more financially stable it will become. To that end, Zenith's \$2.5 million investment will be geared toward improving existing services and adding new services. Zenith plans to re-open Maplewood's closed wing to provide more private rooms, and invest in common areas such as hallways, dining, lobby, activities and social areas. Zenith has a history of providing amenities to give residents the comforts of home, including flat screen LCD TVs, complimentary satellite television, complimentary Wi-Fi, and a host of other resident quality of life benefits.

The LDC's selection of Zenith is the result of an exhaustive 8-month evaluation process. Broker Marcus & Millichap contacted 1,810 nursing home operators and prospective buyers leading up to the June 17th bid deadline. The LDC Board appointed an advisory group to fully vet the seven formal proposals that ultimately came in. This work involved interviews, analysis of each bidder's financial strength, review of quality ratings for their skilled nursing facilities, and visits to some of those facilities. The advisory group was particularly impressed during their visit to Zenith's Livingston Hills facility in Hudson, NY, a formerly troubled nursing home that Zenith is transforming into a first-class facility. Within Zenith's first year of operation, its profitability increased exponentially without the termination of a single employee, leading to the facility's nomination by the local chamber of commerce as "Business of the Year."

"Over the past five months, the LDC Board and its staff have gotten to know Zenith, and we know they are the first-class operator that the residents of Maplewood and their families deserve," said Chairman Wright. "We fully believe that as the residents, families and employees get to know Zenith, they will be just as excited as we are about Maplewood Manor's future."

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